



California's New Budget

On August 18, 1997, the Governor signed the budget for fiscal year 1997-98. The new budget includes \$52.5 billion of revenues and \$51.6 billion of expenditures for the General Fund (GF). The State is expected to finish 1997-98 with a GF fund balance of \$563 million (see chart below). The cash position is projected to remain strong throughout fiscal year 1997-98. At the end of June 1998, the State's cash position is expected to be more than \$3 billion.

Among other things, the new budget reflects the historic welfare reform legislation and the full payment of \$1.2 billion in deferred General Fund contributions to the Public Employees' Retirement System (PERS). The full payment of the PERS settlement has in effect saved California taxpayers hundreds of millions of dollars when compared to proposals of paying the obligation off over a period of time.

With the sustained economic recovery (see next article), California's budget dedicates more resources to education, public safety and infrastructure.

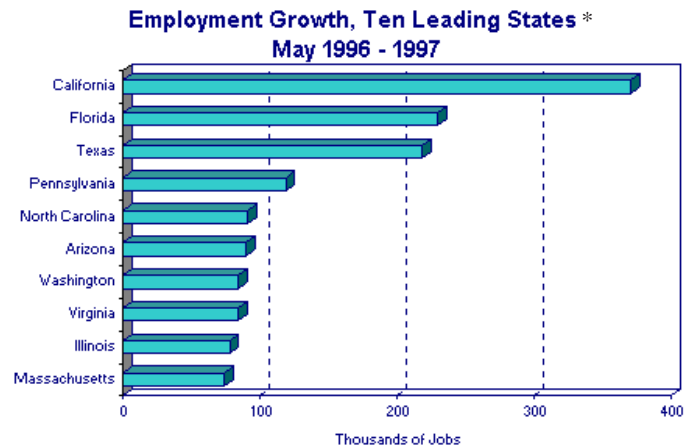
1997-98 General Fund Budget Summary* (Dollars in Millions)

	1996-97	1997-98
Prior Year Balance	\$564	\$859
Revenues and Transfers	<u>\$49,205</u>	<u>\$52,531</u>
Total Resources Available	\$49,769	\$53,390
Expenditures	\$48,910	\$51,599
PERS Deferred payment	—	<u>1,228</u>
Total Expenditures	<u>\$48,910</u>	<u>\$52,827</u>
Fund Balance	<u>\$859</u>	<u>\$563</u>

*Courtesy of The Department of Finance

California Leads The Nation In Job Creation

California leads the nation in job creation by a wide margin. According to the Department of Finance, in May, the latest month for which nationwide data are available, the State's 370,000 annual employment gain outpaced number two Florida's 230,000 increase by a margin of 140,000 new jobs (see chart below).



*Courtesy of The Department of Finance

Revenue Bond Sale Saves \$33.8 Million

The Treasurer sold \$336 million in revenue bonds for the Department of Water Resources on July 30. The sale will save water consumers approximately \$33.8 million and provide new funds for the Central Valley Water Project.

The sale included \$245 million worth of revenue bonds that will refinance prior bonds at lower interest rates, saving roughly \$33.8 million in lower debt service payments over the life of the bonds. The second component of the sale was comprised of \$91 million worth of revenue bonds to fund construction projects associated with the Central Valley Water Project.

Ask The State Treasurer

Q: I own several State of California bearer bonds. I am concerned about their security. Can I have them converted to registered form?

A: Yes. You may register your bearer bonds by submitting them to our office in Sacramento. To prevent any loss, we recommend the use of registered and insured mail when submitting bearer bonds for registration. Please include complete instructions indicating the name(s) and address to be included in the registration. If you are proposing to register the bond in the name of a trust, custodial account or partnership, please contact the *Bondholder Services Section* at (916) 653-2884 for additional instructions. The registration is free.

Q: How can I get information regarding my registered bond account?

A: You can request specific information regarding your registered bond account by sending a written request to the *Bondholder Services Section* at the address on the bottom of the previous page.

Q: My broker charges me too much, can you refer a less expensive one to me?

A: It is inappropriate for the Treasurer and his staff to make referrals or give investment advice. However, let me suggest that you should shop around. By comparing prices, you should be able to find a broker more to your satisfaction.

Bond Sales Calendar*

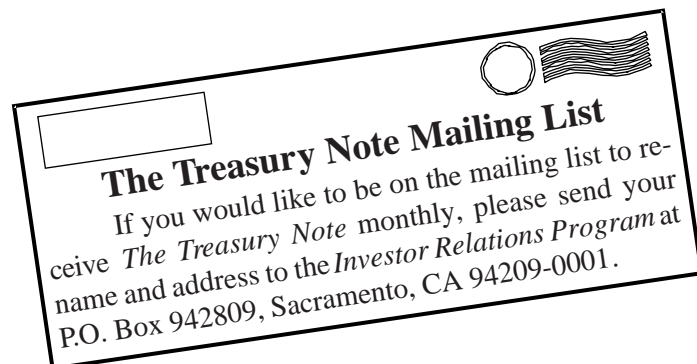
If you are interested in purchasing any of these bonds, please contact your broker about two weeks before the sale date. For updated information regarding upcoming sales, please contact the State Treasurer's office at (916) 653-3243.

BOND SALES	AMOUNT (in millions)	SALE DATE
1997-98 Revenue Anticipation Notes (RANs)	\$3 Billion	9/3/97
General Obligation	\$500-1 Billion	Summer 1997
California State University Headquarters Building Authority	\$35-40	Fall/Winter 1997
Riverside County 4th District Court of Appeals	\$13	Fall/Winter 1997
State Public Works Board, California State University	\$163	Fall/Winter 1997
State Public Works Board, California Museum of Science and Industry	\$36	Fall/Winter 1997
State Public Works Board, UC Regents/California Department of Corrections	\$282	Fall/Winter 1997
State Public Works Board, Refundings-Variou	\$754	Fall/Winter 1997
East Bay State Building Refunding	\$53	Fall/Winter 1997
Oakland State Building JPA	\$175	Spring 1998

***Subject to change without notice**

Questions

Do you have a question you would like to ask the Treasurer? Send it to the *Investor Relations Program* at P.O. Box 942809, Sacramento, CA 94209-0001.



Listing of Redemptions

There are no redemptions scheduled for October 1, 1997.

Attention Registered Bondholders:

The State Treasurer's office is planning to implement an Electronic Fund Transfer (EFT) program for bond principal and interest payments. If you would be interested in receiving your principal and interest payments via EFT, please call (916) 653-2884.